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Italy's Fruits and Vegetables

Netherlands Beef Industry

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Rome wholesale market where fruits and vegetables abound for Italian consumers who currently look askance at processed foods. Protected from competition by Government regulations, Italy's fresh produce is expensive to grow and to eat. See article this page.

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Problems and Progress in Italian Fruit and Vegetable Industry

By A. CACCIAGUERRA
Office of U.S. Agricultural Attaché
Rome

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It is not uncommon for many Italians to think of their country as the "California" or "Garden" of Europe, where tasty fruits and vegetables are grown aplenty. In reality, however, the policy dictates of the European Community (EC) have provided more incentive for the cultivation of grains—at the expense of fruits and vegetables—and have permitted other Mediterranean producers to gain a competitive advantage over Italy.

Thus, despite its inherent suitability for fruit and vegetable production, Italy is plagued by a number of problems in this area, including overprotection for some items—with a resulting slowness to modernize—and increasingly stiff competition for others.

Italy participated in the modernization surge of the sixties that swept fruit and vegetable industries throughout the Mediterranean Basin. However, in some cases Italy fell behind the spectacular innovations that were taking place elsewhere in production, packaging, storage, and marketing of fruits and vegetables.

This modernization allowed produce grown in distant areas and countries to be readily available in local Italian markets. Increasingly, traditional producers encountered stiff competition from Spanish and Israeli producers who had adopted more modern techniques and better varieties. Thus, Italy found itself increasingly up against competition from Israeli citrus and Greek peaches. And both Portugal and Greece had become increasingly efficient in production of tomatoes, sweet peppers, and cauliflower.

Fruit. Despite some modernization, Italian fruit industries often have lagged behind those of other countries. Some increased efficiency has been achieved as a result of funds provided by the European Community for uprooting of deciduous fruit orchards, which reportedly has led to the disappearance of some 104,000 acres of pear, apple, and peach orchards in the past few years. But this was more the result of a surplus situation than a general emphasis on modernization.

Despite the necessity for such measures, the deciduous fruit industry traditionally has been more efficient than most other fruit and vegetable enterprises in Italy. This is especially true in northern Italy, where farming is generally more market-oriented and receptive to change.

For the apple industry, a major innovation of the past decade was the introduction of controlled atmosphere storage facilities. This allowed fruit to be available on the market 7 to 8 months after picking and still have all the qualities and appearance of the fresh product. As a result, Italy in the sixties began to greatly expand its cold storage capacity, which currently totals some 300,000 metric tons.

This development allowed Italian apples marketed during the months of April through June to become more and more important, while curbing the trend toward planting early maturing apples.

However, Italy also was affected by the European apple boom, which by the late 1960's had established France as a major competitor for traditional Italian outlets at a time of increased marketings by Australia, Argentina, and other competitors. This culminated in a worldwide surplus.

The problem has eased greatly during the past year, however, partly as a result of programs to lower the EC apple surplus—including the uprooting of old orchards and obsolete varieties. As a result, the market outlook for apples during the next few years is reasonably optimistic. And this past winter and spring, Italian apples have been quoted at extremely favorable prices (with Golden Delicious out of cold storage leading the bonanza).

The Italian pear industry also has experienced surplus problems in recent years, especially for Passa Crassana (a late variety) and Bartletts. In response, farmers lately have begun extensive up-

rootings which—combined with poor weather last spring—reduced 1973 summer pear production prospects by about one-fifth from last year's.

Accordingly, the pear canning industry, which over the past several years had recorded good levels of production (up to 60,000 metric tons of pears in syrup) is now reportedly paying as much as 170 lira per kilogram (13.6 U.S. cents per pound) in their contracts for Bartletts—about double the 1972 price level.

The Italian peach industry is in fairly good shape. Acreage continues to expand (but at a slower pace than previously experienced). A decline in production is expected in 1973, however, as a consequence of adverse weather, and prices have been 40-50 percent higher than in 1972.

Orange production is expanding, but problems still abound. The industry, for instance, seems to have lost its foreign market, while the domestic market is protected by an effective embargo on imports through prohibitive sanitation requirements.

This isolation of the Italian market from foreign competition has, in the long run, probably been detrimental to domestic production. The industry has pushed production to marginal areas, with consequent low quality and expensive fruit, instead of concentrating on technological improvements and variety upgrading. Moreover, because Italy does not produce summer oranges, there is a long period of about 5 months in which little or no fruit is available in the Italian market. As a result, the consumer has to be "reintroduced" to oranges every new season.

The domestic industry will be subjected to change under the new EC restructuring plan for Italian orange production. However, the plan seems to lack a definite goal, and the group that will implement the scheme appears to be the same one that led the Italian citrus industry to a very weak international position.

Meanwhile, export potential continues to be restricted by the traditional Italian Blood orange's lack of popularity among North European consumers, who are more accustomed to the blonde oranges produced in other Mediterranean Basin countries.

Another citrus industry—grapefruit production—continues small, despite burgeoning consumer demand. In 1971, total grapefruit production was only 1,210 metric tons, with planting intentions still remaining limited.

One problem hindering expansion is that climatic conditions are not considered optimal for grapefruit production. Another is the lack of Government incentives for producers to switch to grapefruit from traditional citrus crops. Furthermore, Italian consumers generally prefer imported grapefruit to that produced domestically.

THE CONSUMER, on the other hand, is demanding more and more grapefruit, with the result that imports in 1971-72 had climbed sevenfold from those 3 years earlier to total 50,396 metric tons. Israel accounts for the major portion of Italian imports—almost 80 percent—while only about 1,500 tons now come from the United States.

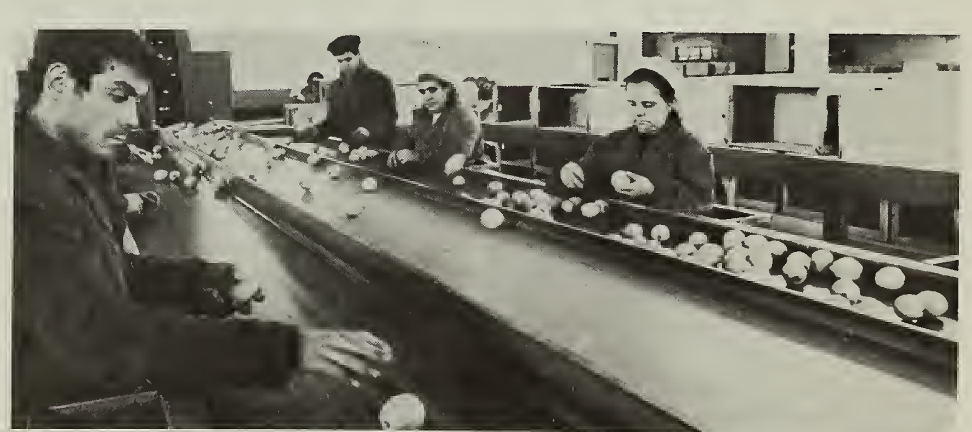
Generally, there has been little variation in Italian production of other fruits (cherries, apricots, plums) except for strawberries, which seem to enjoy an endless boom. This year's strawberry production is estimated at 115,000 metric tons, compared with 106,400 last year; about 60 percent is normally exported out of total output.

Vegetables. The Italian vegetable industry has been gradually expanding since the sixties, with special emphasis on sweet peppers, artichokes, lettuce, and other early products. Italians still favor fresh vegetables to any canned or processed product—and out-of-season produce enjoys an especially good market advantage.

As a result, greenhouses have been spreading throughout the country. Although there are no reliable statistics on overall area under glass or plastic, informal estimates place the total at over 27,000 acres. Tomatoes account for more than 85 percent of greenhouse area, with green peppers and eggplants following in importance.

Partly because of EC policies, there is a tendency for both the fruit and vegetable industries to want to concentrate on the Italian market, which is often protected by sanitation or other regulations. However, costs and prices are quite high.

The consumer seems willing to pay the price now and looks down on processed products. But it is clear that the purchasing power of the middleclass consumer is lowered by these expensive habits. As such, the new consumer-oriented society may soon find itself directing this overprotected sector toward a more balanced situation.



Selecting Italian graded lemons (above) for shipment predominantly to the domestic market. Strawberries, which seem to enjoy an endless boom, are mulching under plastic and/or straw (left). This culture involves about 500 acres in Italy with about a 10-percent acreage increase each year.

U.S.-USSR Meeting at Moscow Set Channels For Exchange of Information and Research

Agricultural representatives of the United States and of the USSR, meeting in Moscow November 13-15, reached agreement on specific areas of cooperation between the two nations. The group plans to meet again in Washington, D.C., in October 1974.

The Moscow meeting is the first implementation of the U.S.-USSR agricultural cooperation agreement signed in the Soviet capital June 19 (*Foreign Agriculture*, July 9, 1973).

Activities were agreed upon in the fields of agricultural economic research and information and of scientific research and technology.

". . . Soviet data not previously available . . . will assist in U.S. planning for production and exports of major commodities."

Most significant for the United States in economic research and information was the agreement to provide detailed Soviet crop and livestock data not previously available. This will substantially improve the current situation, in which the United States receives about half as much information on Russian agriculture as it gets from other governments, and assist in U.S. planning for production and exports of major commodities.

Information will include preliminary and final data on planted area, yield and production of all crops on an individual basis, including 10-year histories; monthly and yearly data on livestock numbers; annual data on production of all meats, poultry, and other livestock products; annual balance sheet on all major animal feeds; monthly and yearly data on industrial production of food products, and data on all major crops, livestock, and meat procurements listed in annual plans as approved by the Supreme Soviet.

The two sides agreed that the Agricultural Economics Joint Working Group would meet in Washington, D.C., next spring, at which time an exchange of information concerning the current situation and outlook for agriculture in the United States and Russia would be on the agenda. The Joint Working Group on Scientific Research and Technological Development will also meet in Washington next spring.

The cooperative economic and research activities will be carried out through meetings, seminars, exhibitions, consultations between specialists, and exchanges of teams to study production, marketing, and processing of agricultural commodities.

A prime U.S. objective in these exchanges is to foster improved Soviet livestock production to increase the potential market for U.S. feedgrains and soybeans.

The joint program in research and technology is designed to involve the U.S. Department of Agriculture, State universities, private firms, and other organizations. It will be carried out by exchange of scientists, technical information, and joint research.

Major program areas agreed upon were in plant, livestock, soil sciences, and mechanization.

Plant science activities will focus on germ plasm evaluation and exchange, plant breeding and cultural methods, improvement of crop plants and ornamentals, and plant pathology.

Initial activities will be in germ plasm, of which the United States and the Soviets have extensive collections of about equal size, and the breeding of cereal—and forage—crop plants.

Germ plasm exchanges involving oilseeds and other crops are planned for the future.

A program for livestock and veterinary science was developed for all classes of livestock, with its prime objective that of increasing production of livestock and poultry.

Primary U.S. emphasis in the first phase of the program will be sending research teams to study current Soviet laboratory research. Indications are that the United States could benefit from Soviet science in some phases of amino acid nutrition, basic endocrinology, semen preservation and artificial insemination, parasitology indexing, disease control methods, and vaccine production techniques.

The objective of the soils science programs will be to improve the use of soil and water resources. The initial phase will include two major areas of work. One is management of water, gases, salts, and heat in the soils, and management of saline soils, the other, control of wind erosion.

The focus in the area of mechanization will be on developing standards for testing of agricultural equipment; research on wet fractionation of green plants to obtain maximum nutrients; production of crops under semi-arid conditions; machines for growing, harvesting, storage, and processing of agricultural crops; and mechanical and engineering aspects of large-scale animal operations.

There is mutual interest in research in wet fractionation of green plant material and crop production under semi-arid conditions. Both countries have active programs in the two areas.

Channels were set up to enable U.S. private enterprises to work with the Soviet in the fields of mechanization and large-scale production and processing of livestock products.

U.S. expertise and technology would be provided under commercial terms.

Arrangements were made by which the U.S. Cooperator Council for Agricultural Market Development will serve as a channel, in cooperation with the Foreign Agricultural Service, to place interested Russian agencies in touch with appropriate companies and sectors of U.S. agribusiness in the production and processing area.

". . . A prime U.S. objective . . . is to foster improved Soviet livestock production to increase potential for U.S. feedgrains and soybeans."

The U.S. Farm and Industrial Equipment Institute will work in a similar way in the field of farm machinery and equipment.

The U.S. delegation to the Moscow meeting was headed by Carroll G. Brunthaver, Assistant Secretary for International Affairs and Commodity Programs.

India's Pepper Output, Exports Hit High Levels in 1972-73, But Fall Below Targets

India produced a record pepper crop in the season (1972-73) that ended last October, but output is expected to decline in the current season.

At the same time, pepper exports, which showed a healthy increase over previous years in calendar year 1972, may go even higher in calendar 1973.

Despite the gains in production and exports, neither has reached the targets set by the Fourth 5-Year Plan (1969-70/1973-74)—42,000 tons for production and 34,000 tons for exports.

If the 1973-74 production dropoff occurs, that season's output will be about 7,000 tons short of the plan's goal, while exports at their higher level would be about 10,000 tons less.

Annual production during the Fourth 5-Year Plan has ranged between 28,500 and 38,000 metric tons, consistently below the target set by the Indian Government. The maximum export level of 24,500 tons was achieved during the 1972-73 season.

The 1972-73 crop hit 38,000 tons, but early season prospects indicate that 1973-74 production will fall slightly to around 35,000 tons. Even at this lower level, 1973-74 harvest will be the second largest crop of record.

India's total pepper exports in 1972 totaled 20,627—22 percent larger than the previous year's 16,901 tons.

Pepper exports to the United States in 1972 were less than those the previous year and the U.S. share of the market fell to 7 percent from 11 percent. Shipments to Eastern Europe made up about 70 percent of total exports in 1971 and 1972, but its export share is expected to be somewhat less in 1973. The USSR will still be by far the leading single foreign market.

Exports to the United States in 1972 totaled 1,472 tons, compared with the previous year's 1,894. Exports to the East European countries rose to 14,422 tons from 11,726 tons in 1971, with most of the increase going to the Soviet Union. Shipments to Canada and Western Europe also were higher.

In calendar 1973, India's pepper exports are expected to reach 25,000 tons, continuing the climb that has evolved in recent years.

Latest available official Government statistics (January-April 1973) show that India's 1973 pepper exports got off to a slow start. In this 4-month period, shipments totaled 13,610 tons, just 48 tons more than in the same period a year earlier.

According to provisional data, about 23,000 tons of pepper were reported to have been shipped between the first of the year and October 31, 1973, of which nearly 4,000 tons came to the United States. Some 14,500 tons went to East European countries (including about 8,500 tons to the Soviet Union), 2,000 tons to Italy, and 1,500 tons to Canada.

India's pepper consumption has also been rising in recent years, but high prices have now dampened this growth somewhat. Domestic use in 1972-73 is estimated at 13,500 tons, compared with 12,500 tons during the season before. No growth is foreseen for 1973-74, and consumption is expected to stay at about the 13,500-ton level. However, India's consumption statistics do not present a completely accurate picture because pepper sold along the border to Bangladesh traders show up in India's domestic consumption figures.

Although suffering a price setback during the November 1972-January 1973 period, when heavy crop arrivals resulted in a short-term falloff, Indian pepper prices remained firm the rest of the 1972-73 season. The size of the crop could have caused a more serious price downturn in that period had it not been for the other market factors—strong domestic and international demand, inflation in India which caused prices of all commodities to rise, and speculation by pepper traders.

India also benefited in 1973 because pepper from other suppliers, such as Indonesia and Sarawak, also sold at strong prices. For most of the year, India's prices were close to international levels and in November 1973 were a cent or two higher than those of other producers because of high quality.

There is little chance that output can be increased to any large degree by boosting area, as the competition for land in Kerala State—where most of the pepper is grown—is great. If yields can be increased—and a new hybrid pepper strain being introduced may do this—and fertilization and farm practices are improved, larger crops may be harvested from the same acreage.

SECRETARY BUTZ FAVORS STRONG FARM TRADE

Secretary Earl L. Butz spoke out strongly in favor of U.S. farm exports late last month, saying that cutting exports "would make food production less economical here—and in the long run, would raise consumer food prices."

The remarks were made in response to a research study carried out by six professional agricultural communicator associations, seeking to learn the reaction of U.S. nonfarm people to a number of farm-related questions. Seven out of 10 such people said that next to cutting Government costs the best way to lower food prices would be to restrict farm exports.

Secretary Butz said that people who suggest cutting back would idle a significant portion of the U.S. farm plant where "the products from one harvested acre out of four are ticketed for overseas. This would run up Government farm program costs and increase the tax load," he said. It would also reduce the number of jobs in shipping, processing, marketing, banking, and other activities tied in with farming.

The Secretary noted that this fiscal year the United States is expected to export "around $19 billion worth of farm products, and about $10 billion of that will probably be a favorable balance—$10 billion more money coming in from farm product sales than is going out for food imports.

"Without that favorable balance of trade from farm products, the dollar would be in very serious trouble. Our world monetary credibility would suffer. Inflation would run more rampant. Imports would cost you more. Our ability to achieve diplomatic progress would be blunted. Our national power, if you will, would be weakened."

Incentives May Help Netherlands Boost Commercial Beef Output

By CLINE J. WARREN
Assistant U.S. Agricultural Attaché
The Hague

THE NETHERLANDS' small, neat, efficient dairy farms are a far cry from the boundless rangelands of Argentina, Australia, and the United States, where much of the world's beef is produced. Nevertheless, interest in developing commercial beef enterprises is cautiously expanding in the Netherlands—traditionally a major dairy producer. Although the Dutch beef industry is now and will continue to be small, the rising Dutch interest mirrors a Europe-wide trend aimed at helping to fill growing meat needs.

Underlying Dutch farmers' interest in shifting to beef production are today's high prices and accelerating consumer demand for beef. In the longer run, advancing prices, proposed incentives, and structural changes could swing the Dutch livestock economy farther toward beef. But current high profits from dairy and veal operations will probably preclude immediate, large-scale shifts to grain-fed beef enterprises. The Netherlands will remain, despite limited experimentation with beef feeding, overwhelmingly a dairy producing Nation.

Growth of beef demand in the Netherlands is confirmed by a recent forecast by the Organization for Economic Cooperation and Development (OECD), which projects a beef and veal deficit of 800,000 tons for the six original European Community (EC) members by 1975 and 1,024,000 tons by 1978.

Exportable supplies from Denmark, Ireland, and the United Kingdom are expected to reduce needs somewhat, but the deficit for EC-9 countries could still aproach 675,000 tons by 1975. Of equal interest to the Dutch livestock industry is the 1.2-million-ton beef and veal shortage projected for all OECD countries.

Beef production in the Netherlands is almost entirely a byproduct of the dairy industry. As of January 1, 1973, Dutch cattle numbered 4.1 million, of which three-fourths were black and white Friesian-Holland, bred mainly for milk. Most of the remaining quarter were red and white Meuse-Rhine-IJssel dairy cows, a better dual-purpose breed. To the extent that the Netherlands has a beef breed, it is confined to a Charolais-Zwartbont cross, which accounts for less than 2 percent of total numbers.

In spite of the favorable outlook for beef, thrifty Dutch farmers consider committing large sums of capital for beef production a risk. The risk element, however, was reduced somewhat by the recent increase in EC intervention prices for beef cattle to 98 percent of the orientation price.

This measure alone, however, is not likely to provide sufficient stimulus for increasing EC beef production, particularly in the Netherlands where dairy and veal industries are so deeply entrenched. Recognizing this, the EC Commission has approved a system of premiums to farmers owning at least 30 head of cattle—20 of which are milk cows—who increase herds by 30 percent in 3 years. The subsidy of $60 per head reportedly would expand beef output by 75,000 tons annually within the EC, starting in the program's second year.

OTHER programs being considered by the EC Commission for expanding beef production include:

- A payment of 75 units of account (u.a.)—US$96.75—for each heifer slaughtered after having calved.
- A payment of 10 u.a.—US$12.95—for each calf from beef bulls.
- An additional payment of 30 u.a.—US$38.85—per hectare for those diversified farmers who agree to expand livestock operations to provide 60 percent of total incomes.

Of equal or greater interest to the Dutch livestock industry is a proposal by the Federation of European Feed Compounders (FEFAC) that would simultaneously support the veal, dairy, and beef industries. The proposal provides a premium to producers who

EUROPEAN COMMUNITY: BEEF AND VEAL PRODUCTION AND CONSUMPTION
[In 1,000 metric tons]

Area	Production			Consumption			Surplus or Deficit		
	1969	1973 [1]	1975 [1]	1969	1973 [1]	1975 [1]	1969	1973 [1]	1975 [1]
Belgium	228	254	269	250	278	295	− 22	− 24	− 26
Luxembourg	12	13	14	12	13	13	0	0	+ 1
France	1,600	1,730	1,730	1,495	1,630	1,700	+ 105	+ 100	+ 30
West Germany	1,186	1,286	1,316	1,391	1,531	1,608	− 205	− 245	− 292
Italy	779	825	835	1,229	1,320	1,360	− 450	− 495	− 525
Netherlands	293	324	338	274	311	328	+ 19	+ 13	+ 10
Total	4,098	4,432	4,502	4,651	5,083	5,304	− 553	− 651	− 802
Demark	234	193	193	97	98	101	+ 137	+ 95	+ 92
Ireland [2]	321	383	406	56	60	59	+ 265	+ 323	+ 347
United Kingdom	762	898	924	1,206	1,227	1,237	− 444	− 329	− 313
Total	1,317	1,474	1,523	1,359	1,385	1,397	− 42	+ 89	+ 126
EC total	5,415	5,906	6,025	6,010	6,468	6,701	− 595	− 562	− 676
OECD countries	18,276	20,379	21,308	19,699	21,587	22,535	−1,423	−1,208	−1,227

[1] Projected. [2] Includes live imports. Forecast of the Dairy and Beef Situation, Organization for Economic Cooperation and Development, 1971.

carry veal calves to heavier weights—that is, to 412 pounds from the current average live slaughter weight of 322 pounds. Thus, fewer calves would be needed to produce a given volume of veal. At the same time, more calves would be available for beef and/or dairy production.

The exact amount of the premium to be adopted has not been fixed, but it is designed to compensate for added costs of carrying calves to heavier weights, including: Larger barns needed for heavier calves, less favorable feed-conversion ratios, the 1- to 1.5-percent drop in dressout weights, the smaller number of animals—reportedly 20 percent—that can be cared for in present facilities, and added interest on money invested for a longer period.

Dairy farmers are also reportedly in favor of the FEFAC proposal, because of provisions to continue subsidizing nonfat dry milk used for veal production in EC countries.

Adoption of the FEFAC proposal probably would not encourage as large an increase in beef output in the Netherlands as in other EC countries. Fewer Dutch veal calves are available to be shifted to beef, since Dutch vealers are already carried to a higher weight before slaughter than in other EC countries, excepting Denmark.

Average yield per veal calf in the Netherlands—less edible offals and fat—currently amounts to about 231.5 pounds, compared with 227 pounds in 1971. Moreover, in 1970 only 1 percent of the Dutch calf crop of 2.2 million head was slaughtered at birth, as opposed to slightly over 45 percent of the 1.5-million-head calf crop in 1955.

Some doubt remains within the Dutch livestock sector that EC and FEFAC measures will divert sufficient resources into beef production to expand output significantly. Therefore, hopes are high that the Dutch Government, working perhaps through the Product Board for Livestock and Meat, can find some way to share the high cost of beef production, while staying within the framework of the EC's Common Agricultural Policy for beef and veal.

At present, Government measures are being considered that would give financial aid for constructing beef-fattening barns and loaning funds for new beef-fattening operations. The Product Board may also increase research efforts to reduce the 10-12 percent of calves lost at birth.

Dutch red and white Meuse-Rhine-IJssel steers, a dual-purpose breed, are fattened in an inside stall and marketed at about 16 months of age.

Producer interest is also focused on the need for a beef grading system to compensate for added costs of grain-fed beef, compared with culled dairy cows. The retail quality of Dutch beef now depends on the butcher's reputation for quality and price, rather than on grading. This system is often slow in registering consumer demands at the producer level.

MOREOVER, the strength of the Dutch domestic market for grain-fed beef is somewhat uncertain, although a beef-feeding industry is likely to be export oriented, as is the dairy industry. The veal industry is almost entirely for export.

Contracting between livestock producers and feed compounders—widely used in the highly developed pork and poultry industries—has not generally been adopted for cattle feedlot operations and probably will not be. High calf prices and short supplies are a major reason, as well as feed compounders' heavy involvement in veal calf fattening. Thus, efforts to expand beef fattening would further bolster demand for calves and reduce veal industry profits.

Sluggish farmer response to increased beef demand can be attributed to large price differentials between specific livestock products. Although both cattle and veal prices have remained above the EC's orientation price since 1964, Dutch slaughter cattle prices have failed to keep pace with average EC prices, while the reverse has been true for veal calves.

Producer prices for slaughter cattle in the Netherlands in 1972 were 18.6 percent above the 1969-70 average, compared with an EC increase of 28 percent. Conversely, Dutch veal prices outpaced EC prices by 2 percent and in 1972 were 27.4 percent above the 1969-70 average.

The margin between Dutch producer prices for culled and fed cattle, which has almost doubled since 1964, increased to $4.95 per cwt. in 1972—a level that may not be adequate to compensate for the higher production costs of fed cattle. Compared with U.S. prices, the margin is equivalent to only 44 percent of the difference between prices for U.S. choice fed cattle and utility grade cows on the Omaha market in the final quarter of 1972.

Price differences between fed cattle and veal calves have remained relatively constant in recent years—with veal calf prices averaging about 1.5 times higher than those of fed cattle.

In comparison with milk prices, producers' prices for beef cattle show a slight advantage to fed cattle over beef. However, the Dutch livestock industry agrees that the profit ratio must be considerably higher if resources are to shift from dairy to beef production.

Guaranteed prices for milk in the past 5 years have risen more than the orientation price for beef cattle. While

Continued on page 20

FAO Asks Special Conference To Meet New Food Challenges

By RALPH W. PHILLIPS
International Organizations Staff
U.S. Department of Agriculture

Because of tightening food supplies in many areas of the world, the actions taken at the recent Food and Agriculture Organization conference (Rome; November 10-19) take on new and significant meanings.

Gearing to meet the new challenges, FAO member nations unanimously endorsed a proposal for a world food conference to be held under United Nations auspices. The conference is to be held in Rome next November. A major item on the agenda is almost certain to be further consideration of a proposal for the establishment of national food stocks around the world. Such a proposal was approved in principle at the 1973 FAO Conference, and has been assigned to the FAO Committee on Commodity Problems and the FAO Council for discussion.

The U.S. delegate at the recent conference was Dr. Thomas K. Cowden, counselor to Agriculture Secretary Earl Butz. Dr. Phillips was alternate delegate.

THE 17TH FAO CONFERENCE focused major attention on three important policy questions upon which action is to be taken in the coming biennium, and made decisions on legislative matters necessary to enable FAO to move forward with its work in 1974-75.

After examining the overall world situation in key agricultural commodities and taking into account the depletion of world food stocks that occurred in 1972-73, the conference considered a proposal by FAO Director-General A. H. Boerma for an international undertaking on world food security, aimed at having member governments:

• Follow national stock policies which, in combination, would maintain a minimum safe level of basic food stocks for the world as a whole;

• Ensure carryover stocks at the end of each marketing year at levels necessary to meet domestic requirements and, where appropriate, export requirements, including a security margin for emergency needs in cases of crop failure or natural disasters;

• Ensure replenishment of national stocks whenever below safe levels.

The conference, while endorsing the basic principles and objectives for such action, decided to approach the matter in stages.

First, it requested the Director-General to convene a working party open to all governments (members of FAO, or of the UN) having a substantial interest in the production, consumption, and trade of cereals, to review the undertaking and prepare a revised text.

Second, this revised text would be submitted to the 49th session of the Committee on Commodity Problems (CCP), and then to the FAO Council for adoption.

Third, the approved text would be transmitted to all member governments of FAO and to nonmembers with a substantial interest in world cereals production, consumption and trade, inviting them to signify their readiness to adhere to the undertaking.

Fourth, the FAO Council would keep the matter under review, would advise on further action considered necessary, and would initiate—with the assistance of CCP, the Intergovernmental Groups on Grains and Rice, and the International Wheat Council—regular evaluations of the current and prospective world cereals stock position.

Also, interested countries were invited to give additional assistance to developing countries in strengthening food production capabilities and, as appropriate, in establishing national food reserves; the Director-General was requested, in cooperation with international and regional development agencies, to assist developing countries in formulating appropriate food security policies; and the Director-General was requested to establish, through strengthening present arrangements, a comprehensive food information system.

The FAO Conference considered a decision by the UN Economic and Social Council (ECOSOC) to recommend to the UN General Assembly the convening of a world food conference in 1974, under UN auspices. This related to a proposal made to the General Assembly by Secretary of State Henry Kissinger in September. A proposal for a similar conference, under FAO and UN Conference on Trade and Development (UNCTAD) auspices, had been made by the Algiers conference of nonalined nations early in September 1973.

The conference welcomed and supported the proposal for a world food conference under UN auspices. It recognized that the world food problem, which has undergone serious deterioration within the past year, could not be solved within the agricultural sector alone. A determined and cooperative effort was called for to deal with the problem in all its aspects, some of which were beyond the competence of FAO. The conference expressed the belief the world food conference should be at the ministerial level, and that all member countries of the organizations in the UN system should participate.

WHILE THE CONFERENCE was not in position to formulate proposals—this is a UN initiative—it offered a number of suggestions for consideration by ECOSOC and the General Assembly, including: The work of the world food conference should be based on an assessment of the world food problem; and it should lead to a commitment by the world community to undertake concrete action toward resolving the world food problem within the wider context of development problems.

Also, it should envisage further action to strengthen world food security; while not seen as a negotiating forum, it should aim at agreement on specific objectives and programs which would subsequently be carried out through existing international machinery; the special role of FAO should be fully recognized when arrangements were made for holding the world food conference, the Director-General's proposal that the secretariat be established jointly by the UN Secretary-General and the FAO Director-General was endorsed; November 1974 was regarded as the appropriate time, and Rome as the site.

Date and site are now firm.

When, in 1971, the FAO conference chose international agricultural adjustment as one of the themes for the 1973 conference, the world agricultural background was one of surpluses which exerted pressure on international markets as compared with effective demand. The intervening period had been characterized by fluctuations, falling stocks, and, at least temporarily, shortages. Production has lagged in developing countries. However, the conference agreed that present shortages should not lead to postponement of development of an approach to international agricultural adjustment, since it is a long-term and evolutionary process.

The conference concluded that FAO should evolve a proposed strategy of international agricultural adjustment, and requested the Director-General to prepare a draft strategy including guidelines, indicators, and arrangements for periodic review and appraisal of progress. This draft is to be presented to the FAO Council, together with the comments of the CCP, in mid-1975, and submitted to the 18th Session of the FAO conference in November 1975.

A BUDGET for the forthcoming biennium of $106.7 million was voted. Much of the increase over the $81.6 million which had been voted for 1972-73 was required to meet cost increases resulting from inflation and currency revaluations. Action was taken to limit the contribution of the largest contributor (United States) to 25 percent in 1974-75, as compared with 31.52 percent in 1972-73.

The conference acted favorably on five applications for membership: Albania, Bangladesh, Guinea-Bissau, Mongolian People's Republic, and United Arab Emirates. The People's Republic of China returned to the organization on April 1, 1973. Thus the total membership is now 131 countries.

The conference elected Gonzalo Bula-Hoyos (Colombia) as Independent Chairman of the FAO Council, for a 2-year term. The Council elected Dr. Ralph W. Phillips (United States) Chairman of the 7-member Program Committee, and Frank Shefrin (Canada) Chairman of the 5-member Finance Committee. The United States was appointed to membership in each of the four open committees of the council—Agriculture, Fisheries, Forestry, and Commodity Problems.

Representatives of 130 nations attended FAO general sessions, left, where first world food conference to be held under UN auspices was unanimously endorsed. Top and center on the dais is A. H. Boerma, FAO Director-General. U.S. Secretary of Agriculture Earl L. Butz, above, addressed the assembly, pointing to the tremendous U.S. contribution to world food aid. He also noted that "there is no reason that grain producing countries should carry commercial reserves for all the world's potential paying customers."

Farm Product Promotion Still Strong in Big German Market

How do you expand sales in one of the world's most competitive and sophisticated farm markets?

One answer is through market promotion—an avenue increasingly being taken by exporters to West Germany as they vie for a larger foothold in this No. 1 importer of farm products.

While outlays in the promotional battle can be high, so can the stakes. Thus, numerous countries are involved in market promotion in West Germany with expenditures running the gamut from sparse to lavish. Besides the United States, participants and their programs include the following:

France. French market development activities in West Germany are spearheaded by the Societe' pour l'Expansion des Ventes des Produits Agricules et Alimentaires (SOPEXA).

SOPEXA maintains a rather low profile as far as its own image is concerned and generally relies on tried and true promotional efforts. Visible promotions include "French Weeks" in grocery chains and department stores, where extensive use is made of demonstrating and sampling a wide variety of French foods.

SOPEXA also supports the major trade fairs in West Germany, with well designed exhibits and heavy participation by French firms. For example, at Green Week '73, the French exhibit was a joint undertaking of SOPEXA and 18 other committees, associations, federations, and other groups representing 276 French firms.

The agency utilizes newspaper, magazine, and trade journal advertising. No direct television advertising has been observed.

Belgium. Market development efforts by the Belgian Office for the Sale of Agricultural and Horticultural products (ONDAH) have traditionally centered around selected fruits and vegetables. However, in 1973, in cooperation with the Belgian Ministry of Agriculture and the Union of Belgian Export Slaughter Houses, the agency is undertaking a promotion to increase consumption of Belgian poultry in West Germany.

The promotion involves an advertising campaign directed at the trade through advertisements in trade publications, at the consumer through the distribution of shopping bags, and at German importers through invitations to visit Belgian poultry installations.

Belgian trade fair participation is a significant area on ONDAH's promotional activities. Exhibits are modest in scale, compared with the Netherlands or Denmark's, but show good trade participation.

Denmark. Since becoming a member of the Common Market, Denmark has moved aggressively through its Agricultural Marketing Board (AMB) to recapture and increase its previously held market. The motto under which consumer-directed campaigns are carried out, is "Prima Prima from Denmark."

The AMB, in cooperation with various other Danish export marketing organizations, is very active in West Germany through expansive, elegant, and lavishly funded trade fair exhibits, in-store promotions, and advertising in newspapers, magazines, and trade journals. The trade symbol "Karoline," a plaid cow with a daisy in her mouth, has reappeared and has been assigned the task of convincing the Germans that for the past several years they have been desperately missing Danish butter and now their troubles are over.

Cheese and other dairy products (butter, yoghurt, etc.), pork and pork products (including strip bacon, which is relatively unkown in West Germany), beef, poultry and eggs, beers, and aquavits are receiving the focus of current promotional activities.

The Netherlands. The Board of Directors for Foreign Promotions of the Ministry for Agriculture and Fisheries is carrying out an aggressive and pervasive market development program in West Germany. Trade fair activity is rather intense, and Dutch participation is exemplified by large, well-designed exhibits with broad product participation. In-store promotions are prevalent throughout the country, and newspaper advertising is extensively employed, both with point-of-purchase tie-ins and independently.

The upper right-hand corner of the front page of the *Lebensmittel Zeitung*, one of Germany's most influential food trade publications, is reserved for messages and announcements to the trade from "Frau Antje" about Dutch cheeses. Frau Antje is the well known cheese promotion symbol, and all ads using the symbol are above the caption "Genuine Cheese from Holland."

In addition, the paper frequently runs full-page ads advising "Your customers like to buy food products from Holland —accommodate them." At the bottom of the page are instructions to contact the agricultural attaché in Bonn.

The Dutch also employ frequent and country-identified television commercials to stress the quality and health image of their products.

Italy. Italian market development activities through the Instituto per il Commercio dell' Estero (ICE) are devoted largely to fruits, vegetables, and wines. Promotion efforts involve participation in the major trade fairs, with large, well-designed exhibits, and nationwide in-store promotions in cooperation with the large chain department stores. The in-store promotions are not limited to the food sections but are carried out storewide, employing the Italian national colors. The slogan is "Bella Italia."

United Kingdom. The Central Office

of Information of the Foreign and Commonwealth Office carries out British market development efforts. These include participation in the major trade fairs and focus mainly on meats, fish, cheeses, processed foods, brewed beverages, gins, and Scotch whiskies.

Ireland. The Irish Livestock and Meat Board and Dairy Boards carry out promotional efforts mainly through trade fairs. Irish beef, cheeses, and whiskies are the main products of emphasis.

Israel. The Israel Company for Fairs and Exhibitions Ltd., The Citrus Marketing Board, The Israel Wine Board, and other groups actively promote the sale of agricultural products within West Germany.

The two brand names "Jaffa" and "Carmel" are promoted extensively. The names "Jaffa" and "Jaffa Gold," identifying Israeli citrus fruit and juices, respectively, are promoted through television and newspaper/trade journal advertising. "Carmel" identifies produce such as avocadoes, stalk celery, flowers, peppers, and strawberries. These products receive attention through in-store promotions, as well as the usual press advertising.

The current campaign slogan "Even Better and Even Fresher" employed by AGREXCO, one of the major Israeli fresh fruit and vegetable exporters, is of interest in that three jets under permanent seasonal charter to the company move about 20 percent (or US$6.5 million) of its total exports by air freight.

As to "Jaffa" branded citrus fruits, the Israel Citrus Council began tightening up in 1972 and modifying direction preparatory to expansion of the EC. One of the most notable policy changes came about with the recognition and successful exploitation of the relatively empty European citrus market during the fall and early winter months of 1972.

HAVING OBSERVED that the main citrus shipments to the Continent traditionally begin after the new year, the Citrus Council mobilized its resources, determined that the fruit in certain areas of Israel met maturity requirements, and instituted express shipments of citrus to Europe in the month of October. Express shipments continued until Christmas, so that by that time, the increase in volume over the comparable period for the preceeding year was effectively doubled. This action, while it will not have significant effect on long-term export volume, resulted in a 50-cent price premium over the above average regular season offer prices.

Spain. Advertising and promotion work for Spanish agricultural produce is carried out by the Propaganda Service of the Spanish National Fruit Syndicate. Funding is raised by checkoffs against exports.

According to press reports, Spanish citrus exporters sustained a loss estimated at Pts320 million in the 1971-72 season due to the application of the EC reference price system. In 1972 the Spanish Ministry of Commerce was moved to make available Pts387 million (about US$6.1 million) in subsidies for the citrus surplus.

Apparently aware of the limited means raised by the checkoff system, and the modesty of the resulting promotional activities, the Ministry of Commerce decided to render further assistance to the citrus industry. One outcome of that decision was the hiring of a London advertising agency to advertise and promote Spanish citrus on the Continent. However, funding is reported to be only about US$700,000.

Visible promotional activities within West Germany include participation in trade fairs, and advertising in newspapers and trade publications.

Other countries engaging in promotion on a smaller scale include:

- **South Africa.** Strongly promotes its citrus, under the trade name of "Outspan," employing all of the classic promotion procedures except television. Peaches and other products receive somewhat less attention.
- **Romania.** Participates in trade fairs and carries out in-store promotions with wines, fruits and vegetables, and meat products.
- **Hungary.** Carries out in-store promotions with wines, meat products, fruits and vegetables.
- **Egypt.** Is introducing Egyptian oranges into West Germany. A promotional budget has been established and promotional assistance will be rendered to buyers in the form of full-page advertisements, shopping bags, and posters in varying sizes.
- **Morocco.** Strongly promotes its citrus under the trade label "Maroc." All of the classic promotion techniques, including television, are utilized.
- **USSR.** By agreement with the Soviet foreign trade organization Sojuzplodoimport, the import firm of SIMEX/Juelich imports and promotes 19 Russian alcoholic beverages.

In addition, the export agency Prodintorg, through an exclusive importer in Cologne, carries out modest trade publication promotion for two brands of Russian crabmeat.

Fresh produce counter in West German market, left. As world's No. 1 importer of farm products, Germany is focus of numerous foreign promotions for a larger share in this market. German supermarket, above is site of many such campaigns.

CROPS AND MARKETS

GRAINS, FEEDS, PULSES, AND SEEDS

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Dec. 26	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-13.5	6.26	−2	3.22
USSR SKS-14	(1)	(1)	(1)
Australian FAQ[2]	(1)	(1)	2.95
U.S. No. 2 Dark Northern Spring:			
14 percent	6.26	+3	2.95
15 percent	(1)	(1)	2.98
U.S. No. 2 Hard Winter:			
12 percent	6.30	0	2.95
No. 3 Hard Amber Durum	9.12	+2	3.01
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	3.35	−10	2.08
Argentine Plate corn	3.71	+5	2.34
U.S. No. 2 sorghum	3.32	−3	2.37
Argentine-Granifero sorghum	3.30	−3	2.37
U.S. No. 3 Feed barley	2.83	−1	1.89
Soybeans: [3]			
U.S. No. 2 Yellow	6.50	−20	4.93
EC import levies:			
Wheat [4]	[5] 0	0	.91
Corn [6]	[5] 0	0	.76
Sorghum [6]	[5] 0	0	.50

[1] Not quoted. [2] Basis c.i.f. Tilbury, England. [3] New crop. [4] Durum has a separate levy. [5] Levies applying in original six EC member countries. Levies in U.K., Denmark, and Ireland are adjusted according to transitional arrangements. [6] Italian levies are 18 cents a bu. lower than those of other EC countries.
Note: Price basis 30- to 60-day delivery.

COTTON

Japan Buys More Yarn, Cloth, and U.S. Cotton

As of October 1, 1973, Japan's imports of cotton yarn and cloth were up 111 and 235 percent, respectively, over the comparable period of 1972. Combined yarn and cloth imports for January-September 1973 at 274 million metric tons, exceeded exports for the same period (156 million tons) by 76 percent. Japan emerged as a net importer of textiles in the first 6 months of 1973, for the first time since the early post-World War II era.

The United States provides substantial quantities of high-quality and specialty goods such as denim to Japan, and much of its raw cotton. During January-September 1973, U.S. exports of raw cotton to Japan were 831,340 bales (480 lb. net). In the same period of 1972, they totaled 431,631 bales.

Increased consumption, stockbuilding, and greater availability of U.S. cotton were largely responsible for the increased purchases of U.S. cotton in 1973.

TOBACCO

World Tobacco Crop Up 3 Percent

The world tobacco crop harvested in 1973, estimated at 10.4 billion pounds, is a new record. It was 3 percent above the previous crop and slightly more than the record established in 1967. The lower rate of production growth during earlier years has seemingly brought world supply and demand more closely into balance, with the result that prices in the past year have risen substantially in most major producing countries.

The People's Republic of China may be the world's largest tobacco producer. Although limited information is available on Chinese tobacco production, the 1973 crop is currently estimated at over 2 billion pounds. This includes 1.4 billion pounds of flue-cured leaf. Most of China's production has traditionally been used for the home market but exports may have been as high as 70-100 million pounds per year in recent years.

U.S. Burley Market Prices at Record High

The U.S. burley tobacco-auction markets opened on November 26 for the 1973 crop. A strong demand for the reduced crop (an estimated 500 million pounds compared to 601 million in 1972) boosted grade prices to the highest levels in history. Average prices (about $88 per hundred pounds) were $6 to $15 higher than in the opening week last year. Grade averages were $5 to $9 above price support (an average of 78.9 percent) with no tobacco being placed in loan.

U.S. burley exports during the past crop year reached a record high—75.6 million pounds—about 13 percent of production. Even though total burley supplies are considered adequate to meet current domestic and export requirements, these high prices may have an impact on future export trade.

SUGAR AND TROPICAL PRODUCTS

Ecuador's Abaca Output, Area, Exports Climb

Ecuadorean abaca (Manila hemp) production has shown a steady uptrend in recent years, reaching an estimated 5,500 metric tons in 1973, up from 2,500 tons last year.

Production and exports are expected to continue increasing because of good growing conditions and strong market demand. The area planted to abaca is also said to be increasing.

Abaca harvesting is a continuous process. Cutters work through a field harvesting ripe stalks, repeating the process as others ripen. Fiber yields reportedly average 0.5-0.6 metric

ton per acre, with some plantings reaching 0.8 ton.

Ecuador's first commercial abaca plantation was established in 1964 by a Japanese firm. Currently there are five companies producing abaca fiber in the country. A single company, Cordelería Nacional consumes about 180 tons per year of lower grade fiber for rope, and the balance is available for export. Domestic consumption is not expected to rise significantly above current levels over the next few years.

Based on export permits, 2,443 metric tons of fiber were exported during calendar 1972, an increase of 744 tons over the preceding year. The United States is a major buyer, taking over 90 percent of the 1971 export total, nearly the same proportion as in 1972. It is also expected to be Ecuador's No. 1 customer in 1973.

In 1972, the United States imported slightly more than 2,000 long tons of Ecuadorean abaca. The balance of U.S. abaca imports—19,000 long tons—came from the Philippines.

Japan was Ecuador's second largest customer in 1972, taking 224 tons, while Britain and Peru together took 78 tons.

FRUIT, NUTS, AND VEGETABLES

Netherlands Hop and Extract Imports Rise

Imports of hops into the Netherlands, where they are not grown commercially, increased by 24 percent in the 1972-73 season to an estimated 165 short tons. Similarly, hop extract imports for the same period were higher at 385 short tons, a 33-percent increase over the previous year.

West Germany is still the Netherlands principal supplier of both hops and hop extract, providing about 80 percent of that country's total imports of these products in 1972-73. For the same period, the Netherlands bought 14 percent of its total hops imports from Czechoslovakia and 17 percent of its total hop extracts imports from the United States.

Some Argentine Fruits May Hit Record Levels

Preliminary estimates for the 1973-74 Argentine deciduous fruit harvest indicate a record production of apples, pears, and plums.

Apple production is currently estimated at 595,000 tons, up from the previous year's by 361,700 tons; pears are estimated at 125,000 tons, up 81,800 tons; and plums are placed at 79,000 tons, up 50,000 tons. (All tons are metric.)

Other deciduous fruits are expected to have recovered from the previous year's frost damage and to approximate yields around the 1971-72 level.

The production of cherries is estimated at 2,500 tons, up 1,510 tons. Peaches are placed at 239,000, up 148,600 tons, and apricots at 18,100 tons, up 10,700 tons.

LIVESTOCK AND MEAT PRODUCTS

Brazil Sets Beef Program

Brazil's Minister of Finance recently announced a comprehensive six-part program involving all sectors of the beef industry in an effort to insure an adequate supply of beef for domestic consumption and to bring down retail beef prices an estimated 30 to 40 percent from current levels. The plan sets:

- A farm selling price of 44 U.S. cents per pound (carcass weight equivalent), compared with prices before the announcement ranging from 55 U.S. cents to 60 U.S. cents per pound.
- An increase in export taxes on fresh and frozen beef from US$200 per ton to US$500.
- A boost in the export tax on processed beef from US$200 per ton to US$250.
- Regranting of authority to the National Food Supply Agency (SUNAB) to set wholesale and retail beef prices.
- A halt in the issuance of export licenses for beef shipments until December 14, 1973.
- Elimination for an indefinite period of import duties on all types of beef.

New Zealand, Australia Cut Wool Promotion Payments

The Australian and New Zealand Governments recently cut contributions to finance wool promotion programs.

New Zealand said it is reducing its grant from about US$7.2 million this season to some US$3 million in 1974-75. The Government's allowance, along with a levy from wool-growers, goes to support the International Wool Secretariat. New Zealand's 1973-74 contribution to the Secretariat was about US$14 million and for the past 3 years has been shared equally by woolgrowers and the Government.

The Australian Government revealed its wool-promotion fund reduction at the same time it revealed a raise in its budget for wool research.

Because, it said, consumers benefit more from research than does the wool industry, the Government will contribute on a 50-50 basis with woolgrowers for acceptable programs of wool research in 1974-75, but would pay three-fourths the cost of projected programs in 1975-76. The industry would have to pay the remaining one-fourth.

However, the Government said the wool industry benefits more directly from promotional activities, and so the Government has decided to finance a smaller proportion of promotional budgets. In 1974-75, the Government will pay half the promotional expenses with woolgrowers paying the balance. In 1975-76 and 1976-77, however, the Government will contribute only one-quarter of promotional costs.

Since the previous agreement with the wool industry expired earlier this year, the Australian Government agreed last April to provide an interim grant of about US$33 million for promotion and research in fiscal 1973-74, pending completion of a study of the situation. The Government's current grant was matched on a dollar-for-dollar basis by the industry.

Other Foreign Agriculture Publications

- World Grain Supplies Increase But Demand Remains Strong (FG-15-73)
- World Production and Exports of Oilseeds, Fats, and Oils Stagnate in 1973 Due To Lag in Foreign Production and Exports (FFO-18-73)
- October Exports of Raw Cotton Down Slightly from September Level (FC-27-73)

Single copies may be obtained free from the Foreign Agricultural Service, USDA, Washington, D.C. 20250, Rm. 5918 S.; Tel.: 202-447-7937.

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INCENTIVES MAY HELP NETHERLANDS EXPAND OUTPUT OF BEEF

Continued from page 7

market prices for beef have remained above guaranteed prices, most producers are more influenced by official prices than market prices in considering long-term shifts in resource use.

Price relationships between beef, milk, and/or veal, however, have influenced short-term beef output. For example, production of beef in 1969 rose by 27,400 tons, reflecting lower milk prices and heavy culling of herds. On the other hand, higher milk prices increased dairy farmers' returns in 1972 and fewer cows were culled, resulting in a 40,500-ton drop in beef production. Beef output, however, has averaged a fairly stable 200,000 tons annually since 1964.

Weights of cattle slaughtered for beef have trended downward during the last decade—a contrast to the rising trend in other EC countries, excepting the United Kingdom. Dressed carcass weight is forecast to average 533.5 pounds in 1973, compared with an average of 590.8 pounds for 1961-63.

In 1971, some 100,780 beef steers were slaughtered, most at 15 months of age or less. In 1973, total slaughter is expected to total 115,000 head, the majority over 15 months of age.

VEAL PRODUCTION now totals about 100,000 tons per year—three times the 1957 output—owing to increased numbers and heavier calves. Strong export demand has stimulated this expansion, as well as subsidized nonfat dry milk supplies. Vealer slaughter has exceeded cattle slaughter since 1968.

According to research by the Dutch Agricultural Economic Research Institute (LEI), based on 600 steers on an experimental farm, net producer returns in 1972 from a 16-month, 961-pound steer averaged $96 per steer. Production costs per steer, less labor, amounted to $435.44. At a market price of 55 cents per pound, gross returns totaled $531.43.

This year, rising production costs are likely to diminish producer returns substantially. Calf and feed costs, increasing most rapidly, were found to account for over 80 percent of producer costs, not including labor.

Potential for increasing beef cattle numbers appears greatest in mixed farming areas, where relatively small herds are produced in conjunction with other farming activities. Moreover, more cattle are being fattened on corn silage and beet pulp, which in certain arable areas might increase profits to close to dairy returns on the same farm.

Trends towards part-time farming could boost beef cattle production. Manpower requirements for beef are generally less than for milk production, and cattle raising can usually be combined with off-farm employment. Shorter hours could also be attractive to older farmers, who would be willing to trade lower incomes for the advantages of raising beef cattle.

☆ U. S. GOVERNMENT PRINTING OFFICE : 1973 541-563/25